



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

BRENNON T. MORIOKA  
ACTING DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

ISSUANCE OF FIXED BASE FACILITY LEASE  
UNIVERSAL ENTERPRISES, INC. DBA AIR SERVICE HAWAII  
KONA INTERNATIONAL AIRPORT AT KEAHOLE

HAWAII

REQUEST:

Issuance of a fixed base facility lease to Universal Enterprises, Inc. dba Air Service Hawaii for the development, construction, operation, use and maintenance of a fixed base facility for aircraft in connection with and on land located at the Kona International Airport at Keahole.

APPLICANT / LESSEE:

UNIVERSAL ENTERPRISES, INC., a Hawaii company authorized to do business in the State of Hawaii, whose business and post office address is 95 Nakolo Place, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Portion of Kona International Airport at Keahole, Kona, Island of Hawaii, identified by Tax Map Key: 3<sup>rd</sup> Division, 7-3-43: 1 (portion)

AREA:

Space No. 006-118, containing a land area of 89,463 square feet of vacant and unpaved general aviation land located in the south ramp area, as shown and delineated on the attached map, labeled Exhibit B.

BLNR – Issuance of Fixed Based  
Facility Lease  
Universal Enterprises, Inc. dba Air Service Hawaii

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ZONING:

State Land Use District: Urban  
County of Hawaii: Industrial (MG1a)

LAND TITLE STATUS:

Section 5(b) lands of the Hawaii Admissions Act: Ceded  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3074, setting aside Kona International Airport at Keahole to be under the control and management of the Department of Transportation, Airports Division, State of Hawaii.

CHARACTER OF USE:

Development, construction, operation, use and maintenance of a fixed base facility for aircraft.

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date.

RENT COMMENCEMENT DATE:

The rental payment shall commence on the day Lessee physically occupies the Premises or one year from the effective date of the lease, whichever occurs sooner.

ANNUAL GROUND LEASE RENTAL:

For the first five-(5) year period beginning on the commencement date, the annual rent shall be \$40,258.35 per annum. For the second, third, and fifth five-(5) year period, the annual rent shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

The rent for the fourth and sixth five (5) year period shall be determined by appraisal in accordance with the provisions of Section 171-17, HRS as it relates to appraisals.

ADDITIONAL FEES:

- 1) A fee of \$0.04 per gallon for all types of aviation fuel dispensed into an aircraft as part of the business operation.
- 2) A payment of two percent (2%) of Lessee's gross receipts from, related or attributable to, or connected with the business operation.

PERFORMANCE BOND:

Sum equal to the annual land rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

The Lessee shall, within twelve (12) months of the date of commencement of this Lease, invest the sum of not less than \$400,000 for upgrading and improving the premises and constructing the leasehold improvements. The improvements shall be constructed in accordance with construction plans, drawings, and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: The site is currently vacant and paved with gravel. A fixed base facility for aircraft is planned.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, HRS, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #3, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated May 22, 2001, as approved by the Environmental Quality Council

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on November 15, 2000. Exemption #3 covers construction and location of single, new, small facilities or structures.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>✓</u>	NO <u>    </u>
Registered business name confirmed:	YES <u>✓</u>	NO <u>    </u>
Good standing confirmed:	YES <u>✓</u>	NO <u>    </u>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to Universal Enterprises Inc., for the development, construction, operation, use and maintenance of a fixed base facility for aircraft at the Kona International Airport at Keahole.

RECOMMENDATION:

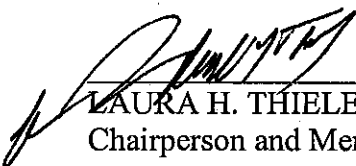
That the Board authorize the Department of Transportation to issue a direct lease to Universal Enterprises, Inc., subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General.

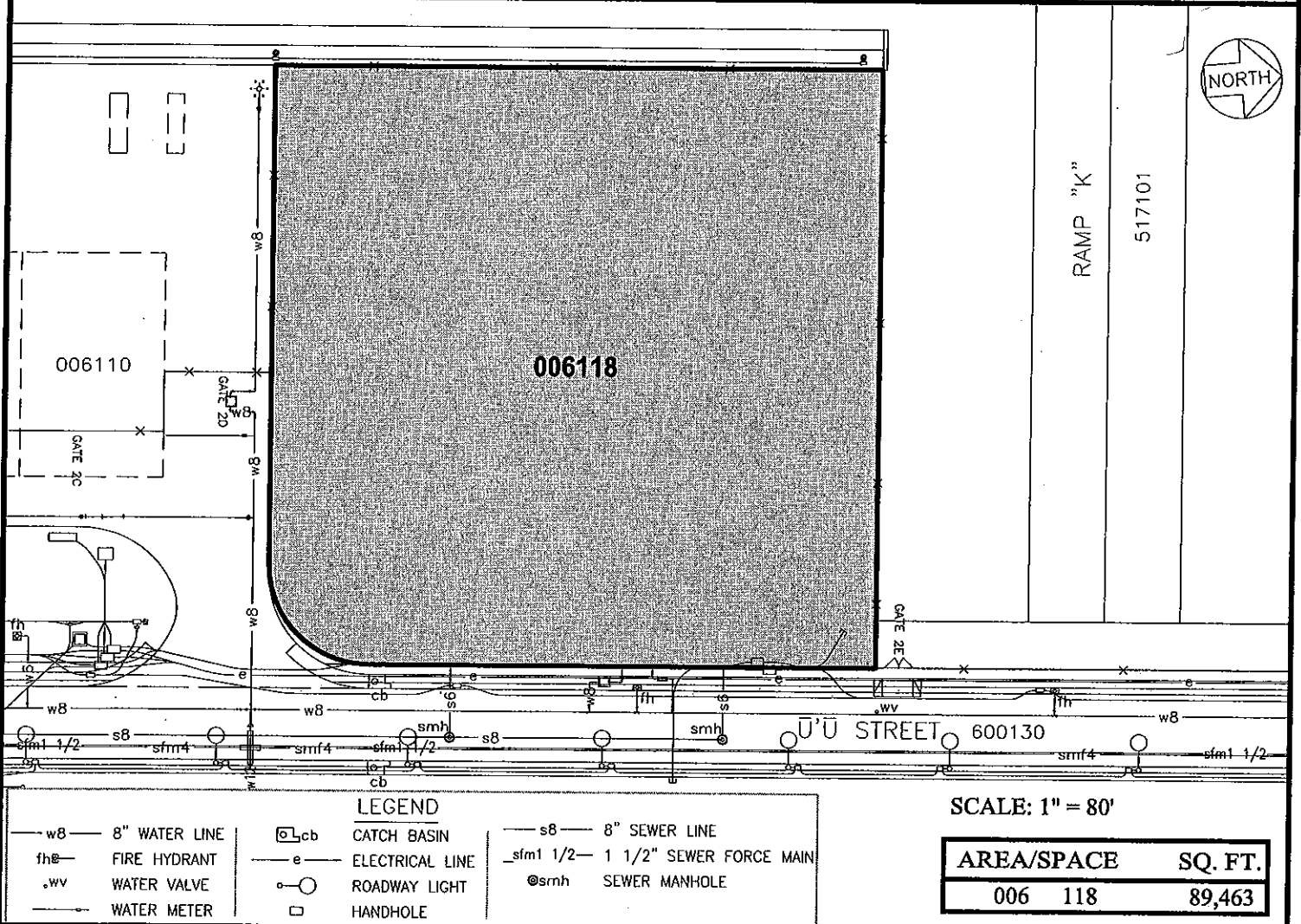
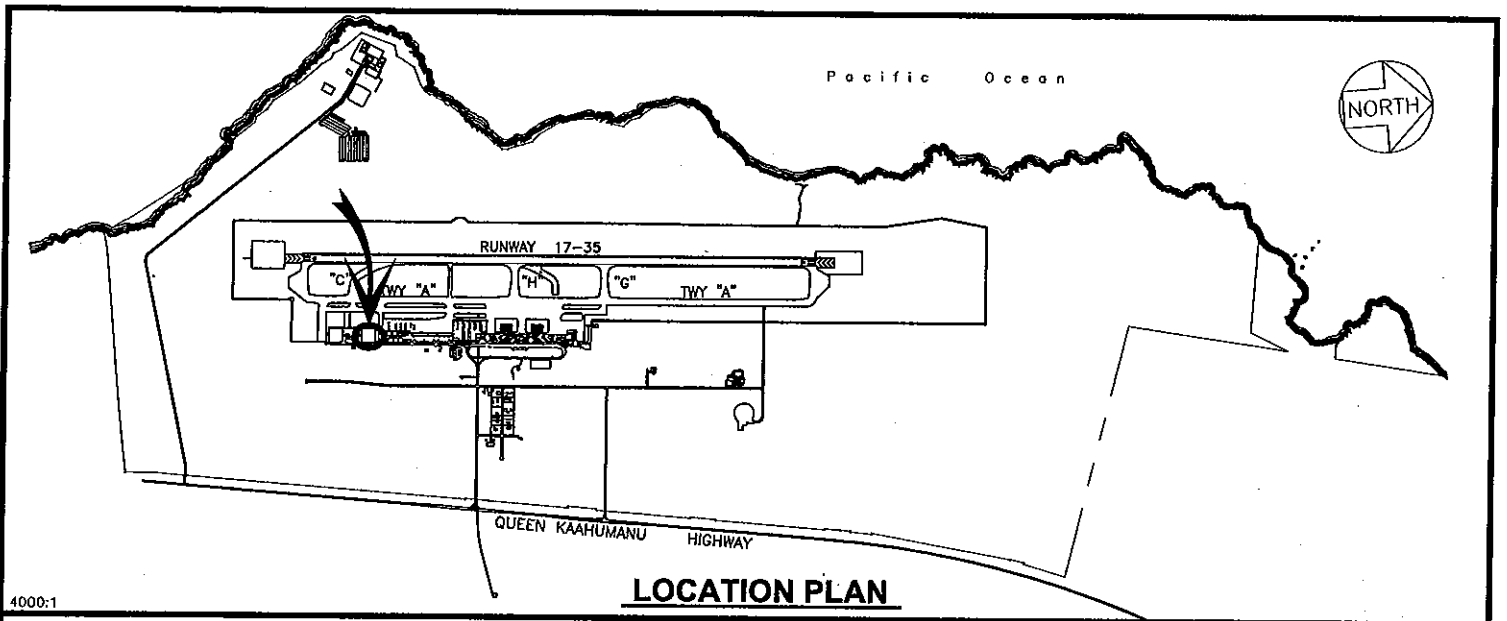
Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.  
Acting Director of Transportation

APPROVED FOR SUBMITTAL:

  
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LAURA H. THIELEN  
Chairperson and Member



DATE : DECEMBER 2007

EXHIBIT: **B**



Airports Division

UNIVERSAL ENTERPRISES, INC.  
dba  
AIR SERVICE HAWAII

LOTS  
SOUTH RAMP AREA  
GROUND LEVEL

006-118  
PLAT 40

**KONA INTERNATIONAL AIRPORT AT KEAHOE**

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